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**Commission de l'énergie  
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**BY E-MAIL**

March 21, 2016

Alex Palimaka  
VP, Regulatory Affairs and General Counsel  
Bluewater Power Distribution Corporation  
P.O. Box 2140  
855 Confederation Street  
Sarnia ON N7T 7L6

Dear Mr. Palimaka:

**Re: Applications for 2017 Electricity Rates**

This letter is in response to your letter expressing an interest to defer Bluewater Power Distribution Corporation's rebasing of its rates beyond the 2017 rate year.

The OEB has reviewed your letter, as well as Bluewater Power's financial and non-financial scorecard performance from 2010 to 2014. Based on this review, the OEB has concluded that it will not require Bluewater Power's 2017 rates to be set on a cost of service basis. The OEB will place Bluewater Power on the list of distributors whose rates will be scheduled for rebasing for the 2018 rate year. The OEB may reassess this conclusion as new scorecard performance information becomes available for 2015.

If Bluewater Power intends to seek a rate adjustment for 2017 rates, the OEB expects Bluewater Power to adhere to the process for Price Cap Incentive Rate-setting applications for the 2017 rate year.

If Bluewater Power subsequently seeks a further deferral the OEB will consider whether the Annual Incentive Rate-setting Index method that was developed for distributors intending longer periods without rebasing should be applied. The OEB will also consider whether the filing of a distribution system plan would be required at that time.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary