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BY E-MAIL

July 5, 2016

Frank Kallonen
President and CEO
Greater Sudbury Hydro Inc.
500 Regent Street
Sudbury, ON P3E 3Y2

frankk@shec.com

Dear Mr. Kallonen:

Re: Applications for 2017 Electricity Rates

This letter is in response to your letter expressing an interest to defer Greater Sudbury Hydro Inc.'s (Greater Sudbury Hydro) rebasing of its rates beyond the 2017 rate year.

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

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

If Greater Sudbury Hydro 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