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

July 5, 2016

Oded Hubert  
VP, Regulatory Affairs  
Hydro One Networks Inc.  
483 Bay Street  
Toronto, ON M5G 2P5

[regulatory@hydroone.com](mailto:regulatory@hydroone.com)

Dear Mr. Hubert:

**Re: Applications for 2017 Electricity Rates**

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

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

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

If Hydro One Remotes 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