

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

August 22, 2016

Andrew Belsito, CPA, CMA  
Rates and Regulatory Affairs Officer  
PUC Distribution Inc.  
500 Second Line EAST, PO Box 9000  
Sault Ste. Marie, ON P6A 4K1

Dear Mr. Belsito:

**Re: Applications for 2017 Electricity Rates**

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

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

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

If PUC 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