February 27, 2018

BY COURIER & RESS

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor,
P.O. Box 2319 Toronto, ON
M4P 1E4

Re: Orangeville Hydro Limited ("Orangeville Hydro")
2019 Cost of Service Rate Application and Distribution System Plan Deferral Request

Dear Ms. Walli:

On December 7, 2017, the Ontario Energy Board (the "OEB") issued a letter identifying those electricity distributors that are scheduled to file a Cost of Service Application for 2019 rates. In its letter, the OEB advised that those distributors that wish to request deferral of rebasing beyond the 2019 rate year must advise the OEB no later than March 1, 2018. In accordance with the OEB's letter, Orangeville Hydro Limited hereby requests approval to defer its 2019 Cost of Service Application including a deferral of the filing of the Distribution System Plan.

Orangeville Hydro submits that the proposed one-year deferral is appropriate for the following reasons:

Financial Stability
Orangeville Hydro's Return on Equity has been within 300 basis points of the 9.36% deemed ROE at the time of its last rebasing in 2014. Orangeville Hydro will continue to meet its financial obligations within its current approved rates.

<table>
<thead>
<tr>
<th>Regulatory Return on Equity</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deemed ROE</td>
<td>9.36%</td>
<td>9.36%</td>
<td>9.36%</td>
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<tr>
<td>Achieved ROE</td>
<td>9.47%</td>
<td>6.40%</td>
<td>8.68%</td>
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Service Reliability
Orangeville Hydro continues to maintain its distribution system to give its customers excellent reliability. The table below show the SAIDI and SAIFI results for the past three years. As can be seen, Orangeville Hydro continues to meet its system reliability targets and expects this trend to continue until our next re-basing.

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<tbody>
<tr>
<td>SAIDI</td>
<td>0.14</td>
<td>1.13</td>
<td>0.69</td>
</tr>
<tr>
<td>SAIFI</td>
<td>0.17</td>
<td>1.12</td>
<td>1.12</td>
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Orangeville Hydro believes that it is prudent to review the time and expense of a COS application and if it is to the benefit of the utility as well as its ratepayers. At this time, Orangeville Hydro believes that the utility can continue another year under the 4th Generation Price Cap IR process, and continue to provide reliable service, invest appropriately in capital and to manage costs for the utility.

Orangeville Hydro is requesting to defer rebasing for one year for rates effective May 1, 2019 and thereby continue under the 4th Generation Price Cap IR rate setting method. Should you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

[Signature]

Ruth Tyrrell
Chief Corporate Officer
Email: rtyrrell@orangevillehydro.on.ca
Phone: (519)942-8000 Ext 222