

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27^e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone : 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

April 3, 2013

Mr. Todd Wilcox
Chief Operating Officer
North Bay Hydro Distribution Limited
74 Commerce Crescent, P.O. Box 3240
North Bay, ON P1B 8Y5

Dear Mr. Wilcox:

Re: Applications for 2014 Electricity Rates

By letter dated December 11, 2012, the Board identified North Bay Hydro Distribution Limited ("North Bay") as one of the distributors expected to file its 2014 rate application on a cost of service basis assuming it opts for the new Fourth Generation Incentive Rate-setting method ("4th generation IR") established in the *Report of the Board: A Renewed Regulatory Framework for Electricity*. The Board is in receipt of your letter requesting that North Bay be permitted to defer the rebasing of its rates beyond the 2014 rate year.

The Board has considered the rationale for deferral set out in your letter, as well as the following:

- North Bay's financial position, as shown in its audited financial statements and financial reporting to the Board; and
- North Bay's 3-year performance with respect to system reliability indicators and electricity service quality requirements/indicators, as reported to the Board.

Based on these considerations, the Board has concluded that it will not require North Bay's 2014 rates to be set on a cost of service basis. The Board will place North Bay on the list of distributors whose rates will be scheduled for rebasing for the 2015 rate year.

If North Bay intends to seek a rate adjustment for 2014 rates, the Board expects North Bay to adhere to the process for 4th generation IR distribution rate applications for the 2014 rate year as may be determined by the Board.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary