

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

February 5, 2014

Albert P. Singh, MBA, CGA
Vice President, Finance and CFO
Waterloo North Hydro Inc.
526 County Squire Rd.
P.O. Box 640
Waterloo ON N2J 4A3

Dear Mr. Singh:

Re: Applications for 2015 Electricity Rates

The Board is in receipt of your letter requesting that Waterloo North Hydro Inc. be permitted to defer the rebasing of its rates beyond the 2015 rate year.

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

- Waterloo North's financial position, as shown in its audited financial statements and financial reporting to the Board; and
- Waterloo North'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 Waterloo North's 2015 rates to be set on a cost of service basis. The Board will place Waterloo North on the list of distributors whose rates will be scheduled for rebasing for the 2016 rate year.

If Waterloo North intends to seek a rate adjustment for 2015 rates, the Board expects Waterloo North to adhere to the process for Price Cap Incentive Rate-setting applications for the 2015 rate year as may be determined by the Board.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary