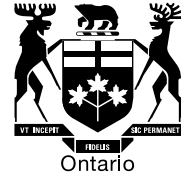


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BY E-MAIL

July 14, 2015

Ms. Marita Morin
Chapleau Public Utilities Corporation
110 Lorne St. South
Chapleau ON P0M 1K0
chec@onlink.net

Dear Ms. Morin:

**Re: Applications for 2016 Electricity Rates
Board File: EB-2015-0060 Chapleau Public Utilities Corporation**

On February 23, 2015, Chapleau Public Utilities Corporation (Chapleau PUC) filed a letter with the Ontario Energy Board (OEB) requesting a one-year deferral of its Cost of Service Application for the 2016 rate year.

The OEB reviewed Chapleau PUC's 2013 financial performance and results indicated that earnings were more than 300 basis points above the approved regulatory return on equity (ROE). This prompted the OEB's Audit and Performance Assessment department to conduct a more detailed review of the earnings for both 2013 and 2014. The OEB's review revealed significant variances between actual and approved costs and revenues that have resulted in ROE being significantly higher than the OEB-approved level. These variances are sufficient to warrant a full review through a cost of service rate application to ensure that Chapleau PUC's customers pay distribution rates that reflect the value of the service that Chapleau PUC provides.

The OEB will not grant the requested deferral. Chapleau PUC will be expected to file a cost of service application for 2016 rates by March 1, 2016. If the application is not filed by the established deadline, the OEB may declare Chapleau PUC's rates interim until such time as new rates are approved by the OEB.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary