

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

July 21, 2015

Joe Barile
General Manager
Essex Powerlines Corporation
2730 Highway #3
Oldcastle ON N0R 1L0

Dear Mr. Barile:

Re: Application for 2016 Electricity Rates

The OEB is in receipt of your letter requesting that Essex Powerlines Corporation (Essex) be permitted to defer the rebasing of its rates beyond the 2016 rate year.

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

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

Based on these considerations, the OEB has granted Essex the option to defer setting its 2016 rates on a cost of service basis.

If Essex intends to seek a mechanistic rate adjustment for 2016 rates, the OEB expects Essex to notify the OEB of its intent and to adhere to the process for Price Cap Incentive Rate-setting applications for the 2016 rate year as may be determined by the OEB. In this case, the OEB will also place Essex on the list of distributors whose rates will be scheduled for rebasing for the 2017 rate year.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary