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October 14, 2015

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

**RE: 2017 Cost of Service Application**

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Dear Ms. Walli

Bluewater Power Distribution Corporation’s (“Bluewater Power”) most recent rebasing application was for rates effective May 1, 2013. Accordingly, we are currently scheduled for a Cost of Service application for rates effective May 1, 2017 under the 3<sup>rd</sup> Generation IR framework. Bluewater Power respectfully requests to defer the Cost of Service application for one year (for rates effective 2018) and, thereby continue under the 3<sup>rd</sup> Generation IR framework for one additional year, being the rate year effective May 1, 2017.

Bluewater Power has a stable Rate Base, largely due to the fact we see nominal customer growth and a focused effort to ensure reliability through capital maintenance. We do not file this request lightly, but we have reviewed our circumstances and we are comfortable that we do not expect any extraneous cost pressures over the next one to two years. Therefore, the need for Bluewater Power to rebase in 2017 is not significant.

The benefit to our customers of a delay in the rebasing application is one additional year of stable and predictable distribution rates. The benefit to Bluewater Power is that a deferral of one year will allow us to focus our effort on producing a robust distribution system plan, as well as facilitate further customer engagement.

Bluewater Power’s actual return on equity is within the acceptable range applied by the OEB. For your ease of reference, the last three years are indicated in the chart below:

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Deemed ROE in rates	8.01%	8.98%	8.98%
Achieved ROE	9.70%	11.40%	10.17%

Bluewater Power has improved its service reliability indicators in 2014 over the previous years, and overall our service quality indicators are favorable.

Please feel free to contact me if you require any further information, or you wish to provide direction.

Sincerely,

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