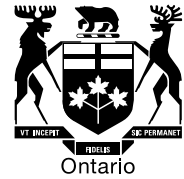


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BY E-MAIL

December 29, 2015

**To: All Licensed Electricity Distributors
All Other Interested Parties**

Re: Applications for 2017 and 2018 Electricity Rates

This letter sets out a preliminary list of cost of service filers for the 2017 and 2018 rate years based on the date of their last cost of service application and other supporting information (the Rebasing List). At this time, 31 electricity distributors are scheduled to file a cost of service application for 2017 rates and four are scheduled to file for 2018 rates. The 2017 Rebasing List is set out in Appendix A to this letter. The 2018 Rebasing List is set out in Appendix B of this letter.

In light of the imbalance in the number of distributors scheduled to file a cost of service application over the next two years, the OEB is inviting interested electricity distributors that are scheduled to file a cost of service application for 2017 rates to submit expressions of interest for a deferral to rebase for 2018 rates. As with deferral requests in the past, the OEB will assess requests based on the individual circumstances of the distributor and its past performance.

This letter also sets out the deadlines by which notice must be given to the OEB in respect of various other matters relating to the setting of 2017 rates, and by which cost of service applications for 2017 rates are expected to be filed.

Background

As set out in the *Report of the Board: A Renewed Regulatory Framework for Electricity* (the RRFE Report), three alternative rate-setting methods are available to electricity distributors: Price Cap Incentive Rate-setting (Price Cap IR); Custom Incentive Rate-setting (Custom IR); and Annual Incentive Rate-setting Index (Annual IR Index).

Inclusion on the 2017 Rebasing List and Cost of Service Application Deadline

The distributors that have been included on the 2017 Rebasing List are those whose rates were last set based on a cost of service application for the 2013 rate year, as well as distributors that were scheduled to have their rates rebased for the 2016 rate year but whose rate rebasing was deferred by one year.

Distributors that are on the 2017 Rebasing List and that intend to file for rates effective January 1 or May 1 are expected to file their 2017 rate applications on a cost of service basis no later than **April 29, 2016** or **August 26, 2016**, respectively. Any distributor which intends to select to have its rates set using either the Custom IR or the Annual IR Index method must refer to the sections below.

Adjustments to the 2017 Rebasing List

Selection of Custom IR or Annual IR Index Methods

Any distributor that has been included on the 2017 Rebasing List and that intends to select either the Custom IR or the Annual IR Index method for 2017 rates must, if it has not already done so, notify the OEB as soon as possible and in any event no later than **February 26, 2016**.

Distributors that have filed Annual IR Index applications for 2016 rates have not been included on the 2017 Rebasing List. These distributors can choose to move to the Price Cap IR method, but would only be eligible to rebase for 2017 if their last cost of service application was for 2013 rates or earlier. Distributors that choose to move to the Price Cap IR method and rebase their rates for 2017 must notify the OEB no later than **February 26, 2016**. If a distributor's rates were rebased since 2013, the early rebasing approach discussed below would apply and notice must be given as set out below. Distributors on the Annual IR Index that wish to choose the Custom IR option for 2017 must so notify the OEB no later than **February 26, 2016**.

Distributors that Wish to Submit Expressions of Interest for Deferral of Rebasing

Any distributor that has been included on the 2017 Rebasing List but wishes to submit an expression of interest to defer its application beyond the 2017 rate year must, if it has not already done so, send a letter to the OEB as soon as possible and in any event no later than **February 26, 2016**. In making its determinations on each request, the OEB will consider, among other relevant factors, the distributor's scorecard performance results. If a distributor has earned more than 300 basis points above the OEB-approved return on equity during the most recent historical reporting period, no

deferral will be granted. The OEB will address deferrals from 2018 to 2019 at a later time.

Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the 2017 Rebasing List but wishes to have its 2017 rates set on a cost of service basis under the Price Cap IR option must so notify the OEB in writing as soon as possible and in any event no later than **February 26, 2016**. In keeping with the OEB's approach to early rebasing as set out in its April 20, 2010 letter and reaffirmed in the RRFE Report, a distributor that seeks to have its rates rebased earlier than scheduled must clearly demonstrate, in its cost of service application, why early rebasing is required and why and how the distributor cannot adequately manage its resources and financial needs during the remaining years of its Price Cap IR plan term.

Sincerely,

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A
Electricity Distributors Scheduled to Apply for Rebasing for 2017 Rates

1	Attawapiskat Power Corporation
2	Atikokan Hydro Inc.
3	Bluewater Power Distribution Corporation
4	Brantford Power Inc.
5	Canadian Niagara Power Inc.
6	Centre Wellington Hydro Ltd.
7	COLLUS Power Corporation
8	E.L.K Energy Inc.
9	Enersource Hydro Mississauga Inc.
10	Essex Powerlines Corporation
11	Erie Thames Powerlines Corporation
12	Fort Albany Power Corp.
13	Greater Sudbury Hydro Inc.
14	Hydro 2000 Inc.
15	Hydro One Remote Communities Inc.
16	Innpower Distribution Systems Limited
17	Kashechewan Power Corp.
18	Lakefront Utilities Inc.
19	London Hydro Inc.
20	Midland Power Utility Corporation
21	Northern Ontario Wires Inc.
22	Orillia Power Distribution Corporation
23	Peterborough Distribution Inc.
24	P.U.C. Distribution Inc.
25	Sioux Lookout Hydro Inc.
26	Thunder Bay Hydro Electricity Distribution Inc.
27	Tillsonburg Hydro Inc.
28	Welland Hydro-Electric System Corp.
29	Westario Power Inc.
30	West Coast Huron Energy Inc.
31	Whitby Hydro Electric Company

APPENDIX B
Electricity Distributors Scheduled to Apply for Rebasing for 2018 Rates

1	Cooperative Hydro Embrun Inc.
2	Hydro Hawkesbury Inc.
3	Kitchener - Wilmot Hydro Inc.
4	Lakeland Power Distribution Ltd.

APPENDIX C
Summary of Deadlines

Action	OEB Deadline
Notification from any distributor on the 2017 Rebasing List that will be selecting either the Custom IR or Annual IR Index method and therefore will not be filing a cost of service rate application for 2017 rates	February 26, 2016
Notification from any distributor that is currently on Annual IR Index but that plans to file a cost of service rate application under the Price Cap IR method or a Custom IR application for 2017 rates	February 26, 2016
Letter from any distributor included on the 2017 Rebasing List that wishes to submit an expression of interest to defer rebasing beyond 2017	February 26, 2016
Notification from any distributor that is not included on the 2017 Rebasing List but that plans to file a cost of service application for 2017 rates under the Price Cap IR method (early rebasing)	February 26, 2016
Deadline for cost of service (and Custom IR) applications for January 1, 2017 rates	April 29, 2016
Deadline for cost of service (and Custom IR) applications for May 1, 2017 rates	August 26, 2016