

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

July 5, 2016

Keith McAllister
President & CEO
Orillia Power Distribution Corporation
P.O. Box 398
360 West Street S.
Orillia, ON L3V 6J9

kmcallister@orilliapower.ca

Dear Mr. McAllister:

Re: Applications for 2017 Electricity Rates

This letter is in response to your letter expressing an interest to defer Orillia Power Distribution Corporation's (Orillia Power) rebasing of its rates beyond the 2017 rate year.

The OEB has reviewed your letter, as well as Orillia Power's financial and non-financial scorecard performance from 2010 to 2015. Based on this review, the OEB has concluded that it will not require Orillia Power's 2017 rates to be set on a cost of service basis. The OEB will place Orillia Power on the list of distributors whose rates will be scheduled for rebasing for the 2018 rate year.

If Orillia Power intends to seek a rate adjustment for 2017 rates, the OEB expects Orillia Power to adhere to the process for Price Cap Incentive Rate-setting applications for the 2017 rate year.

This is the fourth year that Orillia Power has sought a deferral to filing a cost of service rate application. The Annual Incentive Rate-setting Index is the method that was developed for distributors intending longer periods without rebasing. In the absence of a 2018 cost of service rate application from Orillia Power, the OEB will apply the Annual IR Index method. The OEB will also consider whether a distribution system plan will be required at that time.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary