



July 6, 2016

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

**RE: TILLSONBURG HYDRO INC. – 2017 IRM on ANNUAL IR BASIS**

The Ontario Energy Board (OEB) provided Tillsonburg Hydro Inc. (THI) a Cost of Service (CoS) deferral until 2018 rates via a letter dated July 5, 2016.

Within this letter, direction was provided for THI to use the Price Cap Incentive Rate-Setting method for the 2017 rate year.

In June, THI provided a survey to the OEB outlining the intent to use the Annual IR method. Please use this letter as an official request to move forward under the Annual IR process.

With respect to the Distribution System Plan (DSP), THI is in the process of completing a DSP (meeting current OEB guidelines) and are on track to have this completed during Q3 2016 and submitted to the OEB during Q4 2016. The DSP will be utilized for budgeting purposes and preparation for a future CoS application.

THI proposes to submit the DSP either during the 2017 IRM process or as otherwise required by the OEB.

If this request is approved, the CoS process will be triggered by either the OEB, based on the adjusted RoE analysis or the Board of Directors, based on their view of financial performance and requirements.

If you have any further questions or concerns, please contact me directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ian McKenzie", is written over a horizontal line.

Ian McKenzie  
Finance Regulatory Affairs Manager

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**CORPORATE OFFICE**

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