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February 25, 2016

**BY RESS & OVERNIGHT COURIER**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Rebasing for 2017 Rates**

Enersource Hydro Mississauga Inc. ("Enersource") is scheduled to apply for a rebasing of its rates effective January 1, 2017. Enersource respectfully requests approval to defer its obligation to rebase. Reasons for this request are as follows.

As announced on November 20, 2015, a proposal to merge Enersource, Horizon Utilities Corporation, and PowerStream Inc., and jointly acquire Hydro One Brampton Networks Inc., received approval from all shareholders. Once the agreements are finalized, a Mergers, Acquisitions, Amalgamations, and Divestitures ("MAADs") application will be submitted to the Ontario Energy Board ("OEB") for regulatory approval. Proceeding with a rebasing application for Enersource when a MAADs application is imminent would not be an effective use of the Board's resources.

The OEB issued a letter dated December 29, 2015 regarding application of 2017 and 2018 electricity rates. The OEB states that, in its determination of requests by distributors wishing to defer rebasing, consideration will be given to, 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.

Review of the 2014 distributor scorecard confirms that Enersource met or exceeded all OEB performance targets for 2014 (the last year reported), with two qualifications. First, with respect to Net Annual Peak Demand Savings, Enersource has determined an achievement of 89.8%, which exceeds the target minimum of 80%, but the value of the achievement is the subject of arbitration between Enersource and the IESO because the IESO has calculated savings of 74.62%.

Second, with respect to the newly-established Serious Electrical Incident ("SEI") Index, whose target is calculated as a 30% reduction of an electricity distributor's five-year performance,

Enersource's 2014 result was 0.193 versus a target of 0.109. The issues around these two metrics should not raise any concerns about Enersource's deferral of its 2017 rebasing.

Enersource also advises that its return on equity in each year from 2012 to 2014 is well within 300 basis points of the OEB-approved ROE deemed in rates, as shown in the following chart:

	2012	2013	2014
Deemed ROE	8.57%	8.93%	8.93%
Achieved ROE	6.58%	9.46%	9.43%

Further, on an annual average basis from 2012 to 2014, the achieved ROE is very close to and slightly below the annual average Board-approved ROE.

In light of the above, Enersource submits that it would be prudent to defer its 2017 rebasing, and requests approval from the OEB to do so.

Two hard copies of this letter will be sent to the Board in addition to filing via RESS.

If you have any questions, please do not hesitate to contact me at (905) 283-4098.

Sincerely,

*(Original signed by)*

Gia M. DeJulio  
Director, Regulatory Affairs

cc. Norm Wolff, Executive Vice-President and Chief Financial Officer