



**Peterborough  
Distribution Inc.**

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1867 Ashburnham Drive, PO Box 4125, Station Main  
Peterborough ON K9J 6Z5

January 11, 2017

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

Dear Ms. Walli:

**EB-2016-0100 Peterborough Distribution Inc.  
2017 Cost of Service Application Deferral Request**

On April 19, 2016 Peterborough Distribution Inc. ("PDI") requested a deferral of its 2017 Cost of Service Application as the City of Peterborough was in discussions with respect to the sale of PDI to Hydro One Inc. Based on these discussions, PDI requests approval to defer rebasing of its rates in 2017.

On December 15, 2016 the City of Peterborough passed a By-Law to authorize the City of Peterborough Holdings Inc. ("CoPHI") to sell substantially all of the assets of PDI to Hydro One Inc. Following this decision over the next few months City administration, CoPHI and PDI will be finalizing legal agreements for this sale. 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. Accordingly, proceeding with a rebasing application for PDI would not be an effective use of Board and PDI resources, given this expected future of PDI.

Further to the OEB's December 29, 2015 letter on 2017 and 2018 Electricity rates, the OEB indicated in making its determination on requests, it would consider, among other relevant factors, the distributors scorecard performance results.

A review of the PDI 2015 scorecard confirms that PDI is making all of its Customer Service targets and since rebasing in 2013 has achieved a Regulatory Return on Equity within 300 basis points of the deemed rate used in rate setting as summarized below:

Regulated Rate of Return on Deemed Equity			
	2013	2014	2015
Deemed ROE	8.98%	8.98%	8.98%
Achieved ROE	12.40% <sup>1</sup>	8.15%	7.54%

<sup>1</sup> Includes rate riders. In absence of these the return would have been approximately 9%

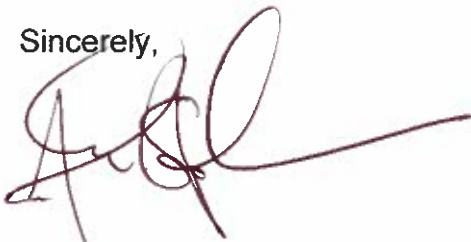
In light of the pending transaction with Hydro One and score card performance as summarized above, PDI requests a deferral from rebasing in 2017.

Additionally, in the absence of rebasing, PDI requests permission to file a Price Cap Incentive rate application for 2017. A Price Cap Incentive application would allow PDI to keep its regulated ROE close to the Deemed levels until the potential MAAD's application is finalized and provide a venue for continuation of the OEB's residential rate design process which commenced in 2016.

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 directly.

Sincerely,



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 President and CEO  
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