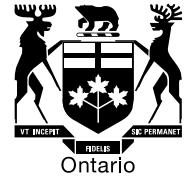


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BY E-MAIL

February 20, 2014

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

Re: Applications for 2015 Electricity Rates

This letter sets out the Board's expectations regarding the filing of cost of service applications for the 2015 rate year. It identifies the distributors that are scheduled to apply to have their rates rebased for 2015 (the "2015 Rebasing List"), based on the date of their last cost of service application and other supporting information. The 2015 Rebasing List is set out in Appendix A to this letter.

This letter also sets out the deadlines by which notice must be given to the Board in respect of various matters relating to the setting of 2015 rates, and by which cost of service applications for 2015 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: 4th Generation IR (now named Price Cap IR); Custom Incentive Rate-setting ("Custom IR"); and Annual Incentive Rate-setting Index ("Annual IR Index").

Inclusion on the 2015 Rebasing List and Cost of Service Application Deadline

The distributors that have been included on the 2015 Rebasing List are those whose rates were last set based on a cost of service application for the 2011 rate year, as well as six distributors that were scheduled to have their rates rebased for the 2014 rate year but whose rate rebasing was deferred by one year, less six distributors that have already requested and been granted a deferral.

Distributors that are on the 2015 Rebasing List and that intend to file for rates effective January 1 or May 1 are expected to file their 2015 rate applications on a cost of service basis no later than **April 25, 2014 or August 29, 2014, 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 2015 Rebasing List

Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the 2015 Rebasing List but wishes to have its 2015 rates set on a cost of service basis under the Price Cap IR option must so notify the Board in writing as soon as possible and in any event no later than **March 28, 2014**. In keeping with the Board's approach to early rebasing as set out in its April 20, 2010 letter and reaffirmed in the RFE 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 3rd Generation IR plan term.

Distributors that Intend to Request Deferral of Rebasing

Any distributor that has been included on the 2015 Rebasing List but wants to defer its application beyond the 2015 rate year must send a letter to the Board as soon as possible and in any event no later than **March 28, 2014**. That letter should include the reasons for which deferral of rebasing is being sought. The Board will consider, among other relevant factors, the distributor's financial position as well as its performance with respect to system reliability indicators and electricity service quality requirements as reported to the Board.

Selection of Custom IR or Annual IR Index Methods

Any distributor that has been included on the 2015 Rebasing List and has not yet informed the Board in writing that it intends to select either the Custom IR or the Annual IR Index method for 2015 rates must so notify the Board as soon as possible and in any event no later than **March 28, 2014**.

Distributors that have filed Annual IR Index applications for 2014 rates have not been included on the 2015 Rebasing List. These distributors can choose to move to the Price Cap IR, but would only be eligible to rebase for 2015 if their last cost of service application was for 2011 rates or earlier. The early rebasing approach discussed above would apply for distributors on Annual IR Index that wish to rebase under the Price Cap IR option, but have already rebased since 2011. Distributors on the Annual IR Index can also choose the Custom IR option for 2015. The Board should be notified of any option change no later than **March 28, 2014**.

Sincerely,

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A
Electricity Distributors Scheduled to Apply for Rebasing for 2015 Rates

1	Attawapiskat Power Corporation
2	Algoma Power Inc.
3	Festival Hydro Inc.
4	Fort Albany Power Corp.
5	Hearst Power Distribution Company Limited
6	Horizon Utilities Corporation
7	Hydro One Brampton Networks Inc.
8	Kashechewan Power Corp.
9	Kingston Hydro Corp.
10	Newmarket - Tay Power Distribution Ltd.
11	Niagara Peninsula Energy Inc.
12	North Bay Hydro Distribution Ltd.
13	St. Thomas Energy Inc.
14	Toronto Hydro-Electric System Ltd.
15	Woodstock Hydro Services Inc.