



PARRY SOUND POWER

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A Member of:



Thursday October 17, 2013
By: Email Only

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Attention: Kristen Walli, Board Secretary

Dear Ms. Walli:

Re: Parry Sound Power Corporation 2015 Cost of Service Application – Deferral Request

Parry Sound Power Corporation –PSP is scheduled to file a Cost of Service (COS) application for rates effective January 1, 2015. PSP is respectfully requesting a departure from this schedule and a deferral of the cost of service application.

PSP's parent company Parry Sound Hydro Corporation and Lakeland Holding Corporation are in the midst of determining the benefits of merging the entities. The merge would of course involve the two Local Distribution Companies: Parry Sound Power Corporation and Lakeland Power Distribution Ltd. PSP believes that deferring rate rebasing will allow us time to finalise merge options, prepare the MADD application and set out plans for rate harmonization and future rebasing. In the event the merge is not completed in a reasonable period of time PSP will move ahead with any necessary rate application. Further to this letter PSP's Return on Equity ROE is outside the dead-band range. I have attached correspondence sent to Board Staff in July of this year explaining the reasons as they relate to the pending merge and the reasons for the impact on the ROE.

There is an expectation by the OEB that distributors manage their resources and financial needs. PSP believes that it has done this successfully and given the reasons stated above believes the request for deferral is reasonable and appropriate given the current circumstances. Parry Sound feels none of our system reliability indicators or electrical service quality requirements would be effected by the deferral.

Yours truly,

Miles Thompson
Vice President, General Manager
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