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**BY E-MAIL**

January 29, 2015

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

**Re: Applications for 2016 Electricity Rates**

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This letter sets out the Board's expectations regarding the filing of cost of service applications for the 2016 rate year. It identifies the distributors that are scheduled to apply to have their rates rebased for 2016 (the "2016 Rebasing List"), based on the date of their last cost of service application and other supporting information. The 2016 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 2016 rates, and by which cost of service applications for 2016 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: 4<sup>th</sup> 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 2016 Rebasing List and Cost of Service Application Deadline**

The distributors that have been included on the 2016 Rebasing List are those whose rates were last set based on a cost of service application for the 2012 rate year, as well as distributors that were scheduled to have their rates rebased for the 2015 rate year but whose rate rebasing was deferred by one year.

Distributors that are on the 2016 Rebasing List and that intend to file for rates effective January 1 or May 1 are expected to file their 2016 rate applications on a cost of service basis no later than **April 24, 2015** or **August 28, 2015**, 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 2016 Rebasing List**

### Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the 2016 Rebasing List but wishes to have its 2016 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 **February 27, 2015**. In keeping with the Board's approach to early rebasing as set out in its April 20, 2010 letter and reaffirmed in the RRFE 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 3<sup>rd</sup> Generation IR plan term.

### Distributors that Intend to Request Deferral of Rebasing

Any distributor that has been included on the 2016 Rebasing List but wants to defer its application beyond the 2016 rate year must send a letter to the Board as soon as possible and in any event no later than **February 27, 2015**. 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 scorecard performance results.

### Selection of Custom IR or Annual IR Index Methods

Any distributor that has been included on the 2016 Rebasing List and that intends to select either the Custom IR or the Annual IR Index method for 2016 rates must, if it has not already done so, notify the Board as soon as possible and in any event no later than **February 27, 2015**.

Distributors that have filed Annual IR Index applications for 2014 and/or 2015 rates have not been included on the 2016 Rebasing List. These distributors can choose to move to the Price Cap IR, but would only be eligible to rebase for 2016 if their last cost of service application was for 2012 rates or earlier. If the distributor's rates were rebased since 2012, the early rebasing approach discussed above would apply and notice must be given as set out above. Distributors on the Annual IR Index that wish to choose the Custom IR option for 2016 must so notify the Board no later than **February 27, 2015**.

Sincerely,

*Original Signed By*

Kirsten Walli  
Board Secretary

## APPENDIX A

### Electricity Distributors Scheduled to Apply for Rebasing for 2016 Rates

|     |  |
|-----|--|
| 1.  | Atikokan Hydro Inc.                              |
| 2.  | Attawapiskat Power Corporation                   |
| 3.  | Chapleau Public Utilities Corporation            |
| 4.  | Entegrus Powerlines Inc.                         |
| 5.  | E.L.K Energy Inc.                                |
| 6.  | Erie Thames Powerlines Corporation               |
| 7.  | Espanola Regional Hydro Distribution Corporation |
| 8.  | Essex Powerlines Corporation                     |
| 9.  | Fort Albany Power Corporation                    |
| 10. | Grimsby Power Incorporated                       |
| 11. | Guelph Hydro Electric Systems Inc.               |
| 12. | Halton Hills Hydro Inc.                          |
| 13. | Hydro 2000 Inc.                                  |
| 14. | Kashechewan Power Corporation                    |
| 15. | Lakefront Utilities Inc.                         |
| 16. | Milton Hydro Distribution Inc.                   |
| 17. | Orillia Power Distribution Corporation           |
| 18. | Rideau St. Lawrence Distribution Inc.            |
| 19. | Wasaga Distribution Inc.                         |
| 20. | Waterloo North Hydro Inc.                        |
| 21. | Wellington North Power Inc.                      |
| 22. | Whitby Hydro Electric Corporation                |
| 23. | Woodstock Hydro Services Inc.                    |