



January 20, 2016

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

RE: TILLSONBURG HYDRO INC. – 2017 CoS Delay – Expression of Interest

In response to the OEB letter Date December 29, 2015 Re: Applications for 2017 and 2018 Electricity Rates, Tillsonburg Hydro Inc. (THI) is submitting the following request.

During 2015 and continuing in 2016 THI has undertaken significant organizational changes including replacing both the General Manager and Finance Regulatory Affairs Manager positions and reassigning the duties of the Operations Manager. Along with these staff changes, THI is updating our billing system, which may change from a LDC owned to Alternative Service Provider model, which would significantly change the Capital / Operating expense values. THI is also incorporating changes as a result of a recent OEB RRR Audit and reviewing our long term debt structure.

Considering the THI internal changes and the OEB's request to balance the CoS applications, THI requests approval to delay our CoS application providing distribution rates for May 1, 2018. This would allow THI's operating structure and costs to stabilize, allowing for a more complete and accurate projection for future rate years, prior to applying for CoS distribution rates for May 1, 2018

THI's ROE, as calculated as part of the Annual RRR submission (2.1.5) for 2014 reporting year was 6.63% which is 235 basis points below the Deemed RoE of 8.98% and well under the over earning threshold of 300 basis points discussed in the letter.

If you have any further questions or concerns, please contact me directly.

Sincerely,

A handwritten signature in blue ink, consisting of a large, sweeping initial 'I' followed by a long, horizontal stroke.

Ian McKenzie
Finance Regulatory Affairs Manager

CORPORATE OFFICE

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