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BY E-MAIL

July 5, 2016

Ian McKenzie
Finance Regulatory Affairs Manager
Tillsonburg Hydro Inc.
200 Broadway
Tillsonburg ON N4G 5A7

imckenzie@tillsonburg.ca

Dear Mr. McKenzie:

Re: Applications for 2017 Electricity Rates

This letter is in response to your letter expressing an interest to defer Tillsonburg Hydro Inc.'s (Tillsonburg Hydro) rebasing of its rates beyond the 2017 rate year.

The OEB has reviewed your letter, as well as Tillsonburg Hydro's financial and non-financial scorecard performance from 2010 to 2015. Based on this review, the OEB has concluded that it will not require Tillsonburg Hydro's 2017 rates to be set on a cost of service basis. The OEB will place Tillsonburg Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2018 rate year.

If Tillsonburg Hydro intends to seek a rate adjustment for 2017 rates, the OEB expects Tillsonburg Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2017 rate year.

If Tillsonburg Hydro subsequently seeks a further deferral the OEB will consider whether the Annual Incentive Rate-setting Index method that was developed for distributors intending longer periods without rebasing should be applied. The OEB will also consider whether the filing of a distribution system plan would be required at that time.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary