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**BY E-MAIL**

January 13, 2017

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

**Re: Applications for 2018 Electricity Rates**

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This letter sets out a list of cost of service filers under the Price Cap Incentive Rate-setting method for the 2018 rate year based on the dates of distributors' last cost of service applications and other supporting information (the Rebasing List). At this time, 21 electricity distributors are scheduled to file a cost of service application for 2018 rates. The 2018 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 OEB in respect of various other matters relating to the setting of 2018 rates, and by which cost of service applications for 2018 rates are expected to be filed.

## **Background**

As set out in the *Report of the Board: A Renewed Regulatory Framework for Electricity* and the *Handbook for Utility Rate Applications*, three rate-setting methods are available to electricity distributors: Price Cap Incentive Rate-setting (Price Cap IR); Custom Incentive Rate-setting (Custom IR); and Annual Incentive Rate-setting Index (Annual IR Index).

## **Inclusion on the 2018 Rebasing List and Cost of Service Application Deadline**

Most distributors that have been included on the 2018 Rebasing List are those whose rates were last set based on a cost of service application for January 1, 2014, as well as distributors that were scheduled to have their rates rebased for the 2017 rate year but whose rate rebasing was deferred by one year.

Distributors that are on the 2018 Rebasing List and that intend to file for rates effective January 1 or May 1 are expected to file their 2018 rate applications on a cost of service basis no later than **May 1, 2017** or **August 28, 2017**, respectively. Distributors whose current rate years commence on May 1 that plan on requesting a change to a January 1 rate year should notify the OEB of this intent no later than **March 1, 2017**. 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 2018 Rebasing List**

### Requests to Defer Beyond the 2018 Rate Year

Any distributor that has been included on the 2018 Rebasing List but wishes to defer its application beyond the 2018 rate year must, if it has not already done so, send a letter to the OEB as soon as possible and in any event no later than **March 1, 2017**. That letter should include the reasons for which deferral of rebasing is being sought. The OEB 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 2018 Rebasing List and that intends to select either the Custom IR or the Annual IR Index method for 2018 rates must, if it has not already done so, notify the OEB as soon as possible and in any event no later than **March 1, 2017**.

Distributors that have filed Annual IR Index applications for 2017 rates have not been included on the 2018 Rebasing List unless they have indicated that they plan to file a cost of service application. These distributors can choose to move to the Price Cap IR method, but would only be eligible to rebase for 2018 if their last cost of service application was for January 1, 2014 rates<sup>1</sup> or earlier. Distributors that choose to move to the Price Cap IR method and rebase their rates for 2018 must notify the OEB no later than **March 1, 2017**. If a distributor's rates were rebased after January 1, 2014, the early rebasing approach discussed below would apply and notice must be given as set out below. Distributors on the Annual IR Index that wish to choose the Custom IR option for 2018 must so notify the OEB no later than **March 1, 2017**.

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

A distributor that is not included on the 2018 Rebasing List but wishes to have its 2018 rates set on a cost of service basis under the Price Cap IR option must so notify the OEB in writing as soon as possible and in any event no later than **March 1, 2017**. In keeping with the OEB's approach to early rebasing as set out in its April 20, 2010 letter, 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 Price Cap IR plan term.

Sincerely,

*Original Signed By*

Kirsten Walli  
Board Secretary

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<sup>1</sup> Distributors that rebased effective January 1, 2014 (or earlier) had rate plan terms of 4 years, expiring at the end of the 2017 rate year. Distributors rebasing after this had 5 year terms.

**APPENDIX A**  
**Electricity Distributors Scheduled to Apply for Rebasing for 2018 Rates**

	Distributor	Current Rate Year
1	Cooperative Hydro Enbrun Inc.	Jan. 1
2	Hydro Hawkesbury Inc.	Jan. 1
3	Kitchener - Wilmot Hydro Inc.	Jan. 1
4	Whitby Hydro Electric Company	Jan. 1
5	Attawapiskat Power Corporation	May 1
6	Bluewater Power Distribution Corporation	May 1
7	Centre Wellington Hydro Ltd.	May 1
8	COLLUS Power Corporation	May 1
9	Essex Powerlines Corporation	May 1
10	Erie Thames Powerlines Corporation	May 1
11	Fort Albany Power Corp.	May 1
12	Greater Sudbury Hydro Inc.	May 1
13	Hydro 2000 Inc.	May 1
14	Hydro One Remote Communities Inc.	May 1
15	Lakeland Power Distribution Ltd.	May 1
16	Kashechewan Power Corp.	May 1
17	Midland Power Utility Corporation	May 1
18	Orillia Power Distribution Corporation	May 1
19	P.U.C. Distribution Inc.	May 1
20	Sioux Lookout Hydro Inc.	May 1
21	West Coast Huron Energy Inc.	May 1

**APPENDIX B  
Summary of Deadlines**

<b>Action</b>	<b>OEB Deadline</b>
Notification from any distributor on the 2018 Rebasing List that will be selecting either the Custom IR or Annual IR Index method and therefore will not be filing a cost of service rate application for 2018 rates	March 1, 2017
Notification from any distributor that is currently on Annual IR Index but that plans to file a cost of service rate application under the Price Cap IR method or a Custom IR application for 2018 rates	March 1, 2017
Letter from any distributor included on the 2018 Rebasing List that wishes to submit a request to defer rebasing beyond 2018	March 1, 2017
Notification from any distributor that is not included on the 2018 Rebasing List but that plans to file a cost of service application for 2018 rates under the Price Cap IR method (early rebasing)	March 1, 2017
Notification from any distributor that plans to file a cost a service application for 2018 rates and that wishes to convert its rate year from May 1 to January 1	March 1, 2017
Deadline for cost of service applications for January 1, 2018 rates including those distributors that wish to convert from May 1 rates to January 1 rates	May 1, 2017
Deadline for cost of service applications for May 1, 2018 rates and for Custom IR annual update applications	August 28, 2017