

**Ontario Energy Board**  
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**Commission de l'énergie de l'Ontario**  
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**BY E-MAIL**

March 3, 2017

Alex Palimaka  
Senior VP, Regulatory Affairs and General Counsel  
Bluewater Power Distribution Corporation  
P.O. Box 2140  
855 Confederation Street  
Sarnia ON N7T 7L6

Dear Mr. Palimaka:

**Re: Applications for 2018 Electricity Rates**

This letter is in response to your letter expressing an interest to defer Bluewater Power Distribution Corporation's (Bluewater Power) rebasing of its rates beyond the 2018 rate year.

The OEB has reviewed your letter, as well as Bluewater Power's financial and non-financial scorecard performance from 2011 to 2015. Based on this review, the OEB has concluded that it will not require Bluewater Power's 2018 rates to be set on a cost of service basis. The OEB will place Bluewater Power on the list of distributors whose rates will be scheduled for rebasing for the 2019 rate year. The OEB may reassess this conclusion as new scorecard performance information becomes available for 2016.

If Bluewater Power intends to seek a rate adjustment for 2018 rates, the OEB expects Bluewater Power to adhere to the process for Price Cap Incentive Rate-setting applications for the 2018 rate year.

This is the second consecutive year that Bluewater Power has sought a deferral to filing a cost of service rate application. The Annual Incentive Rate-setting Index is the method that was developed for distributors intending longer periods without rebasing. In the absence of a 2019 cost of service rate application from Bluewater Power the OEB will apply the Annual IR Index method. The OEB will also consider whether a distribution system plan will be required at that time.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary