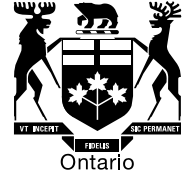


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BY E-MAIL

August 14, 2018

Maryanne Wilson
Director, Regulatory and Compliance
Oakville Hydro Electricity Distribution Inc.
861 Redwood Square
Oakville, ON L6K 0C7

Dear Ms. Wilson:

Re: Applications for 2019 Electricity Rates

This letter is in response to your letter expressing an interest to defer Oakville Hydro Electricity Distribution Inc.'s (Oakville Hydro) rebasing of its rates beyond the 2019 rate year.

The Ontario Energy Board (OEB) has reviewed your letter, as well as Oakville Hydro's financial and non-financial scorecard performance from 2012 to 2016. Based on this review, the OEB has concluded that it will not require Oakville Hydro's 2019 rates to be set on a cost of service basis. The OEB will place Oakville Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2020 rate year. If Oakville Hydro intends to seek a rate adjustment for 2019 rates, the OEB expects Oakville Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2019 rate year.

If Oakville 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