



April 24, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board,
2300 Yonge St.
Suite 2700, P.O. Box 2319
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

**Re: OEB File No. EB-2015-0073
Guelph Hydro Electric Systems Inc. (“Guelph Hydro”) Application for an order or orders approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2016 (the “Application”)**

Please find enclosed an electronic copy of the Application, which has been prepared as a rebasing application in accordance with the Board’s 4th Generation Incentive Rate-setting method on a forward test year cost of service basis. Two original hard copies of the Application will follow by courier under separate cover. Please include the individuals identified at Exhibit 1, Tab 7, Schedule 1 of the Application (Filing Requirement 2.4.6) as the primary contacts for this matter.

On April 2, 2015, the Board released the Board’s Policy on A New Distribution Rate Design for Residential Electricity Customers (EB-2012-0410). Under the new policy, electricity distributors will structure residential rates such that all the costs for distribution service are collected through a fixed monthly charge. The Board has determined that the best approach to implement the new residential rate structure is a four-year transition for all distributors. Each distributor will determine its fully fixed charge and will make equal increases in the fixed charge over four years to get to the fully fixed charge. At the same time, the usage charge will be reduced in order to keep the distributor revenue-neutral. The transition period will be from 2016 to 2019.



As indicated in the April 2, 2015 report, the Board will consider an exception request for distributors filing for rebasing as of January 1, 2016.

Guelph Hydro is seeking approval for an exception to submit the Application maintaining the current fixed/variable proportions for all classes, including Residential class, and to update its Application reflecting the new rate design for Residential class during its 2016 Cost of Service proceedings, after the filing guidelines are ready and more details of the new rate design are available.

Should there be any questions, please contact me at the number below.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Cristina Birceanu", is written over a light blue horizontal line.

Cristina Birceanu

Manager of Regulatory Affairs
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