



CANADIAN NIAGARA POWER INC.

A **FORTIS** ONTARIO
Company

October 21, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: 2010 ELECTRICITY DISTRIBUTION RATE APPLICATION – IRM3
CANADIAN NIAGARA POWER INC.**

Canadian Niagara Power is writing to inform the Board that, due to matters beyond its control, it is unable to comply with the October 21, 2009, filing deadline for the 2010 IRM3 Process.

There are two distinct issues causing the delay in filing. Firstly, Canadian Niagara Power has yet to receive its Final Decision and Rate Order in the matter of the Canadian Niagara Power – Port Colborne 2009 EDR, EB-2008-0224. Until it has a 2009 Rate Order, it is premature to file a 2010 IRM3 application.

Secondly, in the 2009 EDR, Canadian Niagara Power harmonized its distribution rates between its operating territories in Fort Erie and Gananoque. The Decision in that matter, EB-2008-0222 and EB-2008-0223, created a single rate structure and revenue to cost ratios and yet permitted distinct charges related to rate adders such as low voltage. The 3rd generation IRM process has not been designed to accommodate this rate structure. After much discussion with Board staff, it now appears necessary for Canadian Niagara Power to file a minimum of three IRM3 models and the supplementary models together with ancillary support documentation for Fort Erie and Gananoque to achieve an acceptable outcome in the 3rd generation incentive regulation process.

Canadian Niagara Power will work diligently and consult with Board staff in an effort to file its 2010 IRM3 applications by the October 30, 2009.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994 3634.

Yours truly,

A handwritten signature in blue ink, appearing to read "D. Bradbury". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Doug Bradbury
Director, Regulatory Affairs