

March 26, 2010

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

Dear Ms. Walli:

Re: Guelph Hydro Electric Systems Inc. (Guelph Hydro) reply to the Board Staff Submission 2010 Electricity Distribution Rates Application Board File Number EB-2009-0226

Please see attached Guelph Hydro Reply on Board Staff Submission for the above proceeding.

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

Respectfully Submitted,



Cristina Birceanu

Manager of Regulatory Affairs
Guelph Hydro Electric Systems Inc.

395 Southgate Drive,
Guelph, ON N1G 4Y1
Telephone- (519) 837-4735
Mobile- 226-218-2150
Email-cbirceanu@guelphhydro.com

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS AS PER THE EDDVAR REPORT

Annual Disposition

Board Staff has proposed the disposition of Guelph Hydro's Group 1 account balance over a one year period.

The Group 1 account balance is a credit of \$3,485,189 (including the 1588 global adjustment sub-account) that should be paid back to its customers.

Guelph Hydro reiterates its request for four year disposition period based on the following grounds:

1. Guelph Hydro could alleviate the risk of a negative cash position caused mainly by the upcoming outflows of cash for the Smart Meter roll-out, the International Financial Reporting Standards cost, and the construction of the new 115 to 13.8 kV municipal transformer station ("MTS") in the Hanlon Expressway corridor from Maltby Road to Clair Road West in the City of Guelph
2. Four of the five deferral and variance account balances requested for disposition (i.e. 1580, 1584, 1586, and 1588) have been accumulated over the last four year period; it would be fair that Guelph Hydro be permitted to dispose the Group 1 account balance over an equivalent period.

Global Adjustment

Board Staff is seeking clarification on Guelph Hydro's capability to exclude MUSH sector and other designated customers that were on RPP and switched to non-RPP as of November 1, 2009.

Guelph Hydro declines its capability to exclude RPP-customers that switched to non-RPP before or on November 1, 2009. Guelph Hydro has the capability to apply a Global Adjustment rate rider to actual non-RPP customers only.

ADJUSTMENTS TO THE RETAIL TRANSMISSION SERVICE RATES (RTSR)

The Board Staff has requested that the applicant's proposed RTSR be revised to reflect the January 1, 2010 values.

Guelph Hydro will comply with the Board Staff request.

ACCOUNTING FOR THE IMPLEMENTATION OF THE HARMONIZED SALES TAX

The Board Staff has submitted that tracking of GST-PST harmonization savings could be significant and that the Board may wish to consider establishing a deferral account to record the amounts, after July 1, 2010 and until Guelph Hydro's next cost-of-service rebasing application, that were formerly incorporated as the 8% PST on capital expenditures and expenses incurred, but which will now be eligible for an HST Input Tax Credit ("ITC").

Guelph Hydro sustains its initial statement that the cost of implementing a system to track the tax impact of the harmonization of the PST and GST would outweigh the benefit of any such reductions in OM&A and capital expenditures

All of which is respectfully submitted