

Ontario Energy Board
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Commission de l'énergie de l'Ontario
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VIA E-MAIL and REGULAR MAIL

January 26, 2012

Noreen Clement
Chief Financial Officer
Espanola Regional Hydro Distribution Corporation
598 Second Street
Espanola ON P5E 1C4

Dear Ms. Clement,

**RE: Application for Rates for the 2012 Rate Year – Board File No. EB-2011-0319
Direction Regarding Filing**

By letter dated March 1, 2011, all licensed electricity distributors were advised that cost of service rate applications should be filed no later than August 26, 2011 for rates to be effective May 1, 2012. That letter indicated that Espanola Regional Hydro Distribution Corporation was expected to file a cost of service application in respect of your rates for the 2012 rate year, which is intended to cover the period May 1, 2012 to April 30, 2013.

To date, the Board has not received your cost of service rate application for the 2012 rate year. Since you haven't notified us otherwise, the Board continues to assume that your utility plans to file a cost of service application in respect of your 2012 rates. If you intend to file any application for 2012 rates, that application should be filed by April 13, 2012.

If you believe that the rebasing of your rates should be deferred beyond the 2012 rate year, please notify the Board in writing as soon as possible and in any event no later than March 1, 2012; including the reasons for which deferral of rebasing is being sought. The Board will then consider, among other relevant factors, your utility's financial position and your utility's performance with respect to system reliability indicators and electricity service quality requirements/indicators as reported to the Board.

The Board also wishes to remind you that section 8 of Ontario Regulation 66/10 (Assessments for Ministry of Energy Conservation and Renewable Energy Program

Costs) creates a positive obligation on every distributor to apply to the Board no later than April 15, 2012 for an order authorizing it to clear any debit or credit balance in Account 1521, Special Purpose Charge Assessment Variance Account. Therefore, at a minimum, you are required to make this form of application.

The Board has responsibilities to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service and to facilitate the maintenance of a financially viable electricity industry. Given these responsibilities, if you request a deferral of your cost of service application, or have not filed an application by April 13, 2012, the Board may nonetheless require that your 2012 rates be set on a cost of service basis. In this case, the Board will initiate a proceeding on its own motion. Even if a cost of service review is not deemed necessary, the Board will consider initiating a proceeding on its own motion to review your deferral and variance account balances, including account 1521 and account 1562, Deferred Payments in Lieu of Taxes ("PILs").

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary