



Niagara-on-the-Lake Hydro Inc.

July 31, 2009

Ms. Kirsten Walli
Ontario Energy Board Secretary
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

VIA RESS, E-mail and mail

Niagara-on-the-Lake Hydro Inc.

RTR Connection Rate and Rate Rider

Board File Number – EB-2009-0149

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. (NOTL) and Hydro One Networks Inc. (Hydro One) have reached a settlement on the Stanley TS by-pass issue, and you will soon receive, or have received a joint letter advising the Board of the settlement. In this settlement, NOTL agrees to pay bypass charges of \$335,702.00 to Hydro One. This amount differs from the settlement amount of \$200,000.00 proposed in NOTL's original application filed on May 13, 2009.

The purpose of this letter is to submit an update to the application in recognition of the actual settlement. The application had 3 parts:

1. RTR Connection Rate Reduction

Based on the settlement having occurred, NOTL submits that the proposed decreases¹ in rates detailed in Section 1 of the original application remain valid, and no update is required².

NOTL requests an effective date of September 1, 2009.

¹ Pursuant to the question from the Board panel on the Issues Day, the word "increase" on Line 17, Page 1 of Section 1 of the application should read "decrease".

² NOTL notes that the in the new Uniform Transmission Rates effective July 1, 2009, the Line Connection Service Rate remained unchanged at \$0.70 per kW per month. This rate is the rate assumed in the application.

2. Settlement of Liability to Hydro One

NOTL proposes that the settlement in the amount of \$335,702.00 would be a final settlement of NOTL's network connection liability to Hydro One.³

3. Repayment of Excess RTR Revenue to Customers

Assuming an effective date of the proposed rate reduction of September 1, 2009, NOTL estimates that the revenue received from customers at current rates up to that date will not include significant excess revenues. This estimation is based on the following modification of lines 7-10 on page 1 of section 3 of the application:

Application:

The amount to repay would be \$5,746 for part of July 2008 [= the difference between the balance at the end of July 2008 and the \$200,000 payment to Hydro One] plus \$10,228 for each month until the reduced RTR rates requested in Section 1 come into effect.

Modification:

The amount to repay would be the balance at the end of December 2008 plus \$10,228 for each of the 8 months until the reduced RTR rates come into effect (i.e. September 1, 2009) less the \$335,702 payment to Hydro One.

This amount = \$256,888 + 8 months x \$10,228 - \$335,702 = \$3,010.

Thus, on the basis of the immateriality of this amount, NOTL wishes to withdraw the request for rate riders.

We would be pleased to provide any further details that you may require.

Yours truly

ORIGINAL SIGNED BY JIM HUNTINGDON

Jim Huntingdon, President
Cc R. Davidson, Hydro One

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³ Pursuant to our understanding of the statement by Mr. Vlahos on Issues Day, recorded on page 44 of the transcript (i.e. "This Board looks at the ratemaking, not the accounting parts of the company"), NOTL withdraws the request for Board approval of the journal entry or entries which will be required to eliminate the liability in account 2252.